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Washington Report

October 30, 1989, Volume XVIII, Issue 34

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NATIONAL CREDIT UNION ADMINISTRATION

A final rule implementing new enforcement powers granted to the NCUA by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) was published in the 10/24/89 Federal Register (see pp. 43280-88). The rule was approved by the NCUA's Board of Directors on 10/17/89 (see the 10/23/89 Wash. Rpt.) and was effective 10/24/89. No comment period was sought because the changes were mandated by FIRREA. For further information after reading the final rule, contact Allan Meltzer at the NCUA at 202/682-9630.

THRIFT SUPERVISION, OFFICE OF

Edward Charity, Jr., CPA, has been named deputy director for operations monitoring in the Director's office of the OTS, it was announced recently. Mr. Charity will be responsible for monitoring all agency operations on behalf of OTS Director M. Danny Wall, as well as acting as the liaison between Director Wall and the senior managers committee. He will also be responsible for monitoring budget discipline throughout the agency. Prior to his appointment, Mr. Charity was the accounting and budget officer at the Office of Regulatory Activities, formerly part of the Federal Home Loan Bank System. He also was assistant vice president for Sovran Financial Corporation. Mr. Charity has been a member of the AICPA since 1987.

TREASURY, DEPARTMENT OF

The cut-off date for adopting model master or prototype (M&P) Internal Revenue Code section 401(k) amendments has been extended from 10/31/89 to 3/31/90. The deadline is being extended, according to the IRS, to correspond to the deadline for submitting opinion letter applications relating to M&P section 401(k) amendments. The new date is extended from the 10/31/89 deadline announced in Notice 89-68 (see the 6/19/89 Wash. Rpt.). Notice 89-68 provides that the IRS will not accept applications for opinion letters with respect to an M&P plan's adoption of the section 401(k) model amendments described in the notice and in Notices 87-34 and 87-51. The IRS announced the extension to 3/31/90 for filing opinion letter applications in Announcement 89-118. Announcement 89-139 is scheduled to be published in Internal Revenue Bulletin 1989-46, dated 11/13/89.

THE WHITE HOUSE

Allan V. Burman will be nominated by President Bush to be administrator of the Office of Federal Procurement Policy (OFPP), it was announced. The OFPP provides overall direction of procurement policies, regulations, procedures, and forms. Mr. Burman has been acting administrator of OFPP since 1988, and deputy administrator since 1986. Mr. Burman has held various positions during his career with the Office of Management and Budget (OMB), of which OFPP is a part. He has served as chief of the Air Force branch of the national security division of OMB, as well as the coordinator for research and development programs of that branch. He has also served as a special assistant to the director of defense education in the Office of the Secretary of Defense, and was a Federal Executive Fellow at The Brookings Institution. Mr. Burman's nomination must be confirmed by the U.S. Senate.

SPECIAL: SEN. PRYOR INTRODUCES BILL TO REVISE CIVIL TAX CODE PENALTIES

Legislation to revise various civil penalties in the Internal Revenue Code of 1986 was introduced by Sen. David Pryor (D-AR) on 10/24/89. The bill, S. 1784, is similar to the penalty provisions included in the House of Representatives' budget reconciliation measure, H.R. 3299 (see the 9/25/89 Wash. Rpt.). Differences between S. 1784, the Internal Revenue Code Penalty Reform Act, and H.R. 3299 include the following: 1) Current penalties for errors in information reporting are retained for taxpayers who later correct their errors. The House bill toughened such penalties; 2) Accuracy penalties are handled in a three-tier penalty system, instead of the two-tier system in H.R. 3299. S. 1784 includes separate penalties for fraud, substantial understatement, and negligence, instead of combining penalties for substantial understatement and negligence together. Valuation penalties are eliminated in S. 1784. Both bills prohibit "stacking" of penalties; and 3) Penalties for delayed payroll deposits apply when the final request for payment notice is sent, not when the original notice is sent. S. 1784 was referred to the Senate Finance Committee; Sen. Pryor is the chairman of the Senate Finance Subcommittee on Private Retirement Plans and Oversight of the Internal Revenue Service.

The future of civil tax penalty reform is unclear because it is caught up in the debate about the budget deficit reduction legislation. Civil tax penalty reform provisions were deleted from the Senate budget reconciliation bill because the Senate voted to delete from the bill all provisions which did not reduce spending or increase revenues (see the 10/23/89 Wash. Rpt.). Therefore, House and Senate leaders must decide in a conference committee how to resolve the differences between the House and Senate versions of the legislation. The tax penalty reform provisions could be included in the final version of the deficit reduction legislation, attached to another bill, considered separately, or allowed to die.

SPECIAL: FIRST AICPA-SPONSORED NATIONAL CONFERENCE ON THE SECURITIES INDUSTRY SCHEDULED

The 1989 National Conference on the Securities Industry has been scheduled for 11/29-30/89 at the Vista International Hotel in New York, NY. This is the first such conference sponsored by the AICPA and is being sponsored in conjunction with the Securities Industry Association (SIA) and the New York State Society of CPAs. The conference features general and panel sessions with discussions by practicing CPAs, securities industry executives, regulators, and consultants. The keynote address will be delivered by Hardwick Simmons, chairman of the SIA and vice chairman of Shearson Lehman Hutton, Inc. Featured speakers include Rep. Charles E. Schumer (D-NY), a member of the House Banking, Finance and Urban Affairs Committee, who will be the 11/30/89 luncheon speaker. Other speakers and panelists include representatives of the Securities and Exchange Commission, Financial Accounting Standards Board (FASB), New York Stock Exchange, National Association of Securities Dealers, Commodity Futures Trading Commission, as well as executives of securities and investment banking firms and CPAs and consultants with extensive experience in public accounting and the securities industry. Major issues of the conference include the following: current and probable regulatory developments; tax issues and strategies, including implementation of FASB Statement No. 96, "Accounting for Income Taxes;" cost control and profitability issues for brokers; developing and managing information systems; examining new kinds of financial instruments; and reporting requirements and implementation issues of recent pronouncements and proposals of FASB. The recommended CPE credit is 12 hours. For further information contact the AICPA Meetings and Travel Services Division at 212/575-6451.

SPECIAL: HOUSE SMALL BUSINESS COMMITTEE SCHEDULES HEARING ON CAPITAL GAINS PROPOSALS

A hearing to explore the question of whether cutting the tax on capital gains will benefit small business has been scheduled by the House Small Business Committee. The hearing is scheduled for 11/1/89 beginning at 9:30 a.m. in Room 2359 of the Rayburn House Office Building in Washington, D.C. Witnesses include Eugene Steuerle, senior fellow at the Urban Institute and former Deputy Assistant Secretary of Treasury; Richard Rahn, vice president and chief economist for the U.S. Chamber of Commerce; and Bruce Fisher, research director of Citizens for Tax Justice. The Small Business Committee also has a hearing on general tax policy scheduled for 11/21/89 and a hearing to examine the effects of deficits and low savings rates on investment scheduled for 11/29/89. For further information, contact the staff at the Small Business Committee at 202/225-5821.

For further information contact Shirley Twillman at 202/737-6600.

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